

Explanation of Form

The attached Program Income Plan model is designed to make its preparation as easy as possible. Therefore, under section one, a Regional Administrator only has to list the eligible activities for which it wishes to use the program income. If a Regional Administrator wishes to provide first-time homebuyers with assistance, the Program Income Plan must state that the assistance may include up to 50% in down payment assistance, reasonable closing costs normally associated with the purchase of a home (including paying discount points to the lender), principle write-down assistance, subsidize interest rates and/or finance acquisition and mortgage insurance.

Regional Administrators should remember that it cannot use program income for any activity not listed without revising the Program Income Plan which can take time. Therefore, Regional Administrators might want to list more activities than it anticipates using in the immediate future.

In the second section, the Regional Administrator only needs to insert if its Housing Rehab Board is using a standard 10-year loan term period or one up to 15-years. A period of less than 10 years needs to be described in a DHCD-approved Project Management Plan.

In the third section, the Regional Administrator only needs to insert the County in which program income will be earned. The Plan must track and address each County requirement that all program income earned in County A will be expended in County A.

In the fourth section, the Regional Administrator needs to estimate how much income will be earned for the next 10 years.

Sections five and six reflect current DHCD policies and guidelines. If a Regional Administrator feels it cannot observe the language in these sections, it needs to contact its Community Development Specialist before submitting the Program Income Plan for review so the matter can be discussed.

The Plan should be adopted by the Regional Administrator's Board of Directors prior to submission. Once DHCD concurrence is received, distribute copies to the Housing Rehab Board and the Finance Manager and a copy of the Plan placed in the project file.

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**VIRGINIA INDOOR PLUMBING PROGRAM
PROGRAM INCOME PLAN**

Regional Administrator: _____ **Date:** ____/____/____

Project Title: Indoor Plumbing Program **Contract#:** _____ -PR- _____

OBJECTIVE:

The expenditure of active and inactive program income generated from the IPR program in a manner that will directly benefit low- to moderate-income residents of the _____ of _____, Virginia who are living in substandard housing.

- 1. ACTIVITIES: Describe the ACTIVITIES that will be carried out with program income funds. All activities must be eligible expenditures as described in the IPR Manual.**

Active IPR program income: Funds received during the open contract year will be accumulated. When the amount reaches \$1,000, the next remittance request will be reduced by the entire amount received to date or the income will be returned to DHCD.

Inactive IPR program income: Funds received after the end of the contract year will be used for the following activities, all of which will include bringing failing properties up to DHCD HQS:

- a) Inactive program income may be used for actual administrative costs. At the time the program income is expended, ten percent of it may be used for administrative purposes, including loan servicing;
- b)
- c)
- d)
- e)

Program income will be used only for applicants whose household incomes are at or below 80% of the County's median income.

Wells must be drilled, tested and approved. "Pump and haul" systems will not be installed as a remedy to septic system issues. Revolving loan fund proceeds will be paid to contractors and suppliers only and payments made upon completion of work for paid labor and at the start of a project for materials.

2. **TIME FRAME:** Briefly outline the **TIME FRAME** during which the project will be carried out and completed.

Program income covered by this plan will be derived from direct 0% interest loan repayment over estimated average of _____ year period for all rehab and substantial reconstruction/special rehab projects.

3. **PROJECT AREA:** Briefly describe the project area(s) in which activities will be carried out.

All projects funded with program income will be located within the County of _____.

4. **FUNDS TO BE AVAILABLE:**

- a) Total Projected Program Income for Next 20 Years: \$ _____(including interest)
- b) # of Years until Payback Complete for Each Loan: _____
- c) If Revolving Loan Program, # of Years until Payback Complete: _____
- d) Payback Schedule Total Principle and Interest:

Year 1 \$	Year 11 \$
Year 2 \$	Year 12 \$
Year 3 \$	Year 13 \$
Year 4 \$	Year 14 \$
Year 5 \$	Year 15 \$
Year 6 \$	Year 16 \$
Year 7 \$	Year 17 \$
Year 8 \$	Year 18 \$
Year 9 \$	Year 19 \$
Year 10 \$	Year 20 \$

5. **DECISION MAKING:** Briefly state who will decide on the use of the Program Income, how that decision will be made, and what oversight will be used to assure that this plan is followed.

Inactive IPR program income will be used at the first opportunity the Housing Rehab Board deems appropriate, based upon the Project Management Plan guidelines, after a sufficient balance of funds has developed. The Board will receive regular financial reports showing all income earned and expended. The Board will approve and track all applications and contracts and ensure proper documentation of the usage of program income funds. Requests will be submitted to and reviewed by the Board at its monthly meetings. Majority vote will be required to approve the use of program income funds.

6. **ADMINISTRATION:** Briefly state who will decide on the Program Income funds, who will implement the activities and how the activities will be carried out.

The Financial Manager will manage the program income funds. The funds will be deposited in an interest-bearing escrow account and identified as revenue or expenditure. Funds will be accounted for separately on the balance sheet. This account will be different from the one holding any IPR rollover funds. Records will be kept on a program year (July 1 to June 30) basis. Records **must** show the amounts due and received monthly by client's name, separated by active/inactive status, contract number, locality's name and the income expended annually. Copies of source documentation will be placed in the appropriate client file.

The Board will implement the activities in accordance with the Project Management Plan and the IPR Program Manual. The Virginia Public Procurement Act will be followed. The Board will ensure compliance.

I certify that this is the plan of this Regional Administrator for use of income derived from the Indoor Plumbing Program after the current contract expires. I further certify that the Regional Administrator Board fully intends to carry out this plan, to oversee its implementation and assures that no other use of these funds will be allowed. I certify that this Regional Administrator will budget program income funds in a separate, distinct account and will maintain records documenting the use of those under the Home Investment Partnerships Act as amended. I understand that the Virginia Department of Housing and Community Development may review the expenditure of program income funds at any time during normal business hours.

Signature of Authorized Official of Regional Administrator

Date